GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA

UNSTARRED QUESTION NO:2148
ANSWERED ON:06.08.2001
REGAINING OF POSITION BY INDIAN AIRLINES
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Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether the Indian Airlines has regained its position as the market leader in domestic air travel;

(b) if so, the details thereof;

(c) whether the Indian airlines is likely to make a marginal profit during the year 2001-2002; and

(d) if so, the details thereof?

Answer

THE MINISTER OF CIVIL AVIATION (SHRI SHARAD YADAV)

(a) and (b): During the period July, August and September, 2000, Indian Airlines` market share registered a sharp decline following the unfortunate accident of Boeing aircraft in Patna. This decline had caused Indian Airlines share to dip below that of its major domestic competitor. However, Indian Airlines carriage as well as market share registered an increasing trend. During the last three months, market share of Indian Airlines is as under:-

Month & Year	Market Share (%)
April,2001	49.6
May, 2001	49.7
June, 2001	46.9

(c) and (d): The Budget Estimates of Indian Airlines for the year 2001-02 projected a net loss ofRs.251.50 crores. The loss reflects steep increase in ATF cost coupled with other input costs mainly Landing and Navigational charges, increase in foreign exchange rate, Insurance Premium, Security expenditure, handling charges etc. These cost escalations added an additional annual financial burden of over Rs.300 crores on Indian Airlines. While the cost of operations have gone up substantially, no fare increase was assumed in the Budget Estimates.

Indian Airlines has adopted Flexi-fare Policy whereby fares ondomestic network would be fixed having regard to prevailing market conditions such as seasonality, competition, timing of flights etc. This is likely to improve the revenue earnings of Indian Airlines through better capacity utilisation and higher yield. The other measures include strict budgetary control, better fleet utilisation, increase in the productivity of Pilots, Engineers and other personnel, new marketing initiatives, product and service improvement, cost control steps etc. As a result, Indian Airlines is likely to post a better financial performance. In the first two months of the current financial year i.e., April and May, 2001, Indian Airlines lhas made a lower net loss of Rs.32.60 crores as against the budgeted net loss of Rs.35.09 crores.